

AMERICAN UNIVERSITY OF ARMENIA

ARMENIAN PRINT MEDIA AS BUSINESS

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Abstract

Essentially, this research provides a general overview of print media management in Armenia. It presents the results of a qualitative research study aiming to understand to what extent business activities of Armenian newspapers define their success or failure as mass media. The paper discusses print media management problems and points for improvement.

In-depth interviews with the officials in charge of business management of Armenian independent daily newspapers were used to collect data for the research project. A questionnaire with open-ended questions was designed to collect data. The goal was to determine perceptions, opinions, facts and forecasts of Armenian dailies' about current problems of Armenian print media and potential solutions.

As the analysis shows, for the most part the print media in Armenia are unprofitable and financially dependent on sponsors who are mostly intent on promoting their own political or economic interests. The quality of news reporting is hampered because many papers are dependent on subsidies instead of earned income and, therefore, are vulnerable to manipulation by wealthy individuals and organizations.

In general, it appears that financial problems, rather than mismanagement or political constraints, currently constitute the more serious obstacle to the survival of the independent print media. It is concluded that due to prevailing economic conditions, total newspaper circulation is very limited, which makes newspapers very unattractive for advertisements. It is also concluded that newspapers' high price cannot be considered as the main reason of low circulation. Research also found that newspaper marketing and distribution in Armenia need serious improvement.

The improvement of the current gloomy picture is the task of the government rather than the print media itself. Unless there are circumstances where print media can be treated as business, managerial skills do not matter. After the creation of such conditions, the market will force media administrators to treat print media as businesses, which in turn will increase their independence and improve their performance as mass media with a democratic function. As the first step in this direction, the state must reduce taxes. Tax exemptions for advertising, printing, on the import of printing equipment, materials and paper can be seen as the most real form of financial support.

Introduction

Independent and professional media are an important part of every democratic society. The media have a paramount importance in the current stage of democracy building in Armenia. However, the present condition of the media in general and the print media in particular are far from being satisfactory. If we define democracy as government by the people, then we need instruments to implement such governance. In this sense, the mass media, and particularly print media, are one of the most important instruments to serve this purpose. Today print media in Armenia do not provide citizens objective information in an effective way, thus, people do not know their policy choices. After 12 years of overall press freedom, Armenia's print media continue to grapple with serious economic difficulties, which remains the greatest obstacle to their independence. Correct marketing efforts will expand both the audience and the independence of print media thus serving democracy building in Armenia.

During the Soviet period newspapers were subsidized as state propaganda instruments. Commercial functions integral to most newspapers in capitalist societies, such as advertising sales or sophisticated budgeting mechanisms, either did not exist or existed only in emergent form. Secondly, most publishers in Armenia are former journalists with little or no experience of commerce and have few of the skills needed to run newspapers as successful businesses in a market economy (The European Institute for the Media 1999). Running a newspaper as a business does not mean that the newspaper's officials should become businessmen not being interested in publishing high-quality news or ignore their sense of journalistic responsibilities to society, but that they should focus as much on management and marketing as on news.

Armenian print media underwent a significant decline in terms of circulation in the post-Soviet period. For example, in 1993 "Yerkir," being the most popular paper in Armenia at the

time, had a print volume of 54,000. Today the ‘biggest’ daily paper in Armenia is *Aravot* daily with a circulation of 5,000. (Cheterian 2001).

In reality, any newspaper combines two different types of institutions. First, a newspaper is a moving and incentive social force on an altruistic mission to inform and enlighten its readers. Second, a newspaper is a business venture in search of a healthy profit for owners. Diminish either of these institutions and you will no longer have a strong newspaper, either financially or editorially. (Willis 1988).

As Willis (1988) asserts, the largest revenue-making source in a newspaper is advertising. In the US newspapers garner more advertising revenues than any other single medium, although television is pressing. Willis argues that newspapers are such good advertising vehicles due to some reasons like: print advertising lends itself to explaining unique features of products, instead of just presenting an image of a product as TV usually does; readers can linger longer with their newspapers and thus with advertisements; newspapers can offer partial-run advertising which goes to specific city zones, allowing retailers not to pay for advertising that goes beyond target area.

Business management as well as marketing activity of Armenian print media was the target of this study. It is commonly thought that currently print media in Armenia have little to do with business. From this viewpoint, the topic itself -- “Armenian print media as business,” can beg the question, why to conduct such a research. The important question is whether Armenian media authorities realize the importance of business management and marketing in current market relations, to what extent they understand it, and what kind of strategies they use to achieve their business-related goals. These are very important questions because they will shape the future of print media in Armenia. This refers not only those media pursuing profits but also others with

missions different from just making money, because successful business management and marketing will improve their independence, will help to reach wider audiences, and help their voices be heard in a more effective way. Financial questions are matter of the survival for the Armenian print media.

Currently we have very poor data available on Armenian mass media in general and on print media in particular. In most cases these data are very contradictory and unreliable. This concerns not only business side of Armenian print media but also the mass media on the whole.

Only a profitable media can be independent and free, and it can be done with advertisement and wide circulation. The purpose of this research is business activities of all Armenian independent daily newspapers as more representative part of print media. It tries to find out relationship between two activities of Armenian newspapers – as business enterprises and mass media with an information function.

This paper examines business management affairs of Armenian print media, and the following research questions and hypothesis were the focus of this study:

- What is the place of business among different goals of Armenian print media?
- Is there any correlation between the dailies' dates of foundations and their success as business ventures?
- Is there any correlation between Armenian newspapers' missions and their business activity?
- To what extent do the Armenian print media editors/owners take into account the market environment and what kind of strategies do they use to succeed as commercial ventures?
- To what extent do the Armenian print media editors/owners understand the role of advertisement in succeeding in their main function – provision of information.

- What are Armenian print media editors/owners business plans (if any) to increase revenues?
- Is there any relationship between financing/subsidizing of Armenian newspapers (state-owned, party-owned and independent newspapers) and their business activity?
- Is there any relationship between Armenian newspapers' business activity and their success as media in general?
- What are reasons for weakness/strength of Armenian newspapers as commercial ventures?
- To what extent does Armenian print media business activity meet market standards (including their self-assessment)?

Hypothesis: Since the performance of all Armenian daily newspapers is very similar, there must be some objective reason(s) conditioning their activities common for all of them rather than mismanagement in case of the particular newspaper.

Literature Review

During a seminar organized by UNDP Office in Armenia and Yerevan Press Club and held in Tsaghkadzor in 1999, journalists of 10 leading media were polled. The conclusion of respondents was unanimous: the market decides the scope of interest of Armenian media. At the same time Armenian media with its very scarce financial means is completely dependent to what the market dictates (http://www.undpi.am/bulletins/bul_09/undpi.html). If so, the role of advertisement for Armenian print media becomes very crucial for its very survival. However, in spite of this understanding, it seems that media managers make little effort in marketing. It is commonly accepted that Armenian print media do not conform to any indicator of advertising markets. For instance, as BBC News (31 August, 2002) reports, "Print media are, on the whole,

unprofitable and depend financially on backers who are often intent on promoting their own political or economic interests.”

It is advertisements that determine newspapers’ financial success. In a report “Boundaries of Freedom” by the Yerevan Press Club (1995) it is mentioned that the empires of Thomson, Maxwell, Springer, Murdoch prove that media do not necessarily have to serve political structures. By themselves, these are one of the most profitable business fields. Media should be marketable and should attract advertisement, and for doing that, they should satisfy consumer demand. In the early 1990’s very often circumstances in Armenia determined the possibilities for survival only through political involvement. As a result, the press market was forced to offer its services not to the reader but to political sponsors. Publications having a claim on reliability were compelled to resign themselves to the fact that the number of their readers was only 2-3 thousand people. Although the circumstances have changed, this mentality is still there.

Business-people giving cash to the newspapers seem to be doing so for political considerations. Those who have close government connections are simply told by their political patrons to help the pro-presidential media. But with altruism not commonplace in modern-day Armenia, that kind of assistance should come at a cost. According to the New York-based Committee to Protect Journalists, severe financial constraints are limiting the influence and independence of the Armenian media, "Dire economic conditions proved to be the greatest obstacle for the independent media in Armenia." As a result, the report concluded, Armenian journalists "censored themselves and slanted their reporting in exchange for the financial support of wealthy patrons." (Khachatryan June 20, 2002).

Chief editor of *Novoe Vremya*, Ruben Satyan, thinks (ArmeniaNow.com 2002) that, "Press in Armenia will develop considerably starting at the moment when newspapers begin to be treated as a kind of business but not as a party microphone to spread political information only.

According to an assessment conducted by IREX in 1999, "Media outlets and supporting businesses (distribution, printing) do not operate as efficient, professional businesses generating a profit." Of course, weakness of Armenian print media is determined not only by mismanagement in field of advertisement but it depends also largely on the state of the Armenian economy. Thus, the state of advertisement cannot be treated separately from the state of the economy on the whole. Currently, the advertising market is not large enough to support the number of extant publications and few, if any, can survive on revenues from circulation alone. Another major obstacle to self-sufficiency, according to IREX report, is the belief among media professionals, coming from the Soviet era, that political parties are a natural source of financial support. It can be generalized that Soviet tradition does not allow media managers to adapt to the new market environment. These traditions imply absence of any informal advertisement since monopolized Soviet economy implied no competition and, consequently no advertisement. (Available at URL: <http://www.irex.org/programs/promedia/countries/armenia/media.htm>).

Armenian print media are yielding their market positions to television in the opinion of the editor in chief of *Azq* newspaper, Hakob Avetikyan, said that during the last two years print media have lost ground to television. The circulation of print media and the number of readers are decreasing, he said. The law on print media practically does not function and is neglected, according to Avetikyan (IJNet November 18, 1999). This was said in 1999, after which new TV stations have been appeared and developed even more rapidly.

Internews-Armenia published the findings of the research "The Study of Advertising Market in Armenia." The research was based on an expert interview administered on May 10-30, 2002 aiming at determining the value cost of the advertising market in 2001-2002, the dynamics and the prospects of its development. Eighty experts, surveyed by in-depth interview method, represented the Armenian advertising agencies, media and the major companies operating in the country. According to the research findings, the total volume of advertising last year was distributed as follows: 51% was TV advertising, 16% - radio ads, 14% - outdoor advertising and 12% was the share of print advertising, including that in press. The remaining 7% were made up of other advertising media (Internet ads, corporate accessories, event sponsorship, etc.). According to expert estimations, this year the following dynamics is expected in the advertising market of Armenia: TV and outdoor advertising will grow to 55% and 20%, respectively, and shares of radio and print advertising will decrease to 15% and 10%, respectively. The low print media reliance, as experts believe, is due primarily to the small circulation of the newspapers, while the outdoor advertising is currently booming (EURASIANET.org. 2002).

According to Wimmer and Dominick 1994), in the US print media research began in the 1920s. During the 1930s and 1940s, readership surveys and studies of the effectiveness of print media advertising were frequently done by private firms. By the 1950s, quantitative research techniques became common in print media research. The continuing competition with TV and radio for advertisers and audiences has spurred the growth of private sector research. Readership research serves to determine who reads a publication, what items are read, and what gratifications the readers get from their choices. Management studies look at goal setting and at job satisfaction. Circulation studies examine the penetration levels of newspapers and magazines in various markets as well as various aspects of the delivery and pricing systems. Typography

and makeup are studied to determine the impact of different newspaper and magazine design elements on readership and item preferences. Readability studies investigate the textual elements that affect comprehension of a message.

Although Armenian print media has its peculiarities, it faces also some problems common to print media all over the world. The title of William Willis's (1988) book: "Surviving in the Newspaper Business: Newspaper Management in Turbulent Times," is very expressive. As Willis (1988, xi) wrote, "Newspapers are facing turbulent times as we approach the last decade of the twentieth century." As a support for such a viewpoint, Willis refers to obituary notices of several notable dailies during the first half of the twentieth century. As a quickest way leading to failure, he indicates the failure to plan realistically and to monitor conditions in the marketplace. Further, Willis points out that the marketplace and the competition have changed. It is now harder than ever to get people to read a newspaper, especially since television news programs can provide much of required information. Newspaper readers want some of the traditional things they always have received from newspapers, but they also want more, such as information designed to help get them through their daily problems, and they expect more in terms of entertainment and color. "In order to succeed, newspapers must first survive, and survival is no longer a given in the newspaper industry" (Willis, 1988, xii). As one of the most important preconditions to survival, Willis emphasizes adopting more enlightened styles of management. He brings an interesting and important detail – since newspapers have great social impact, it is sometimes forgotten that the newspaper is a business: "It would be foolish to accept the idea that news is a non-revenue-producing item in the first place" (Willis 1988, xii). Willis (1988, 15) stresses that the advertising department "is the most important revenue-producing center in the entire newspaper." He notes also that circulation and advertising are tightly interconnected –

without enough circulation the newspaper would carry no advertising, and without advertising the paper would not survive.

According to Barban et al. (1994), media marketing planning includes many components like product characteristics, distribution channels, promotion mix, packaging, and pricing policy. Along with these elements there are many uncontrollable marketing variables, such as economic conditions, competitive situations, legal and cultural environments, which have also important implications for media decisions at the planning level. For example, if the price of paper goes up as a result of an economic recession, in order to cover these additional costs, print media may increase their advertising rates. Relative to newspapers and magazines, broadcasting media (since they are not significantly affected by paper prices) now becomes less expensive. Or, if in a market area an unusually high unemployment rate has lowered per capita disposable income, advertisers may decide to channel the money into space in the newspapers of more economically sound markets where consumers have a better ability to buy. Media plans should review marketing and advertising objectives and state the media objectives the plan is designed to accomplish. These examples, brought by Barban et al. are very typical for current economic conditions in Armenia, when, for example, *Ararat* brandy company concentrates its advertising efforts abroad (e.g. in Russia) not in Armenia. On the other hand, these authors also stress that the innovative media planners will not be content to simply accept uncontrollable variables as constraints; rather, they will investigate ways of using them to the best advantage considering them as opportunities. For instance, an economic recession may provide an opportunity to gain widespread awareness for an advertiser who decides to maintain or even heavy up an effort while competitors decrease their advertising activity. Barban, et al., stress that media planning as a subsystem of marketing planning, is concerned with how to use advertising time and space most

effectively to contribute to the achievement of marketing objectives. As they put this idea, “Media problems are marketing problems” (Barban et al. 1987, 29).

Willis (1988, 51) includes the following tasks in marketing processes:

1. Engaging in preliminary research, market identification, and newspaper development.
2. Testing the revised product against accepted journalistic standards.
3. Testing reader reaction to the revised newspaper and its price.
4. Working out production capacities and costs.
5. Determining the income needed to support these changes.
6. Determining the most feasible distribution system.
7. Deciding on promotional strategies for the newspaper.

A survey among 1000 respondents carried out by the National Statistics Services in late 2001 revealed that only 16,4 % of the Armenian population trust mass media (NA “Noyan Tapan” May, 2002). Another research study showed that trust toward the Armenian print media is much lower. According to a poll conducted by the Armenian Sociologists' Association in the year 2002 among 1,000 citizens, only 1.5 per cent of respondents trust the Armenian press. Only fourteen percent of all Armenians read a newspaper every day and fifty-one percent read a newspaper "from time to time." This poll also shows that number of people reading newspapers every day had increased to nearly 15 percent when compared with the polls conducted during previous years. But while newspaper readership is up, reader confidence in Armenia is nearly non-existent. (ArmeniaNow.com 2002). Meanwhile, commenting on results of this poll Caucasus Media Institute deputy director Mark Grigoryan noted that, according to the research of the Caucasus Media Institute, five or six years ago the proportion of Armenians trusting the print media was around 80 percent.

The current situation of the Armenian print media was estimated by Mark Grigoryan as a deep crisis, which can be observed through their circulation. Definitely the low purchasing capacity of the population is one of the factors for the decrease of the circulation, yet Grigorian

pointed it out that in the period of 1992-1994 the purchasing capacity of the population was even lower, but the newspapers were being bought. Grigorian attributed the current "crisis" in the Armenian print media partly to a fall in the purchasing power of the population and partly to the fact that much reporting on domestic political developments is dull and unreliable. According to him, gossip, intrigue and slander by one personality of another occupy a major space in today's newspapers. The majority of newspapers duplicate each other by describing same events. All this makes the press dull and the people do not trust it. Another factor brought by Grigoryan is that newspapers have obviously lost the contest with TV companies, which are much richer. "All this means that newspapers should occupy a different niche in society," concluded Grigoryan (NA "Noyan Tapan" September, 2002).

A poll, conducted by the Arka news agency (1997), among 82 experts from 39 organizations somehow connected with the advertising business, revealed the following basic factors of slow formation of professional advertisement in Armenia:

- Absence of advertisers as a result of domestic industry paralysis (domestic advertisers with their production comprise backbone of advertisement in developed countries);
- Low purchasing power of population. As a result such serious advertisers as Yerevan Brandy Company are export-oriented and are not interested in domestic advertisement;
- Absence of traditions, professional knowledge and organized structures;
- Shadowy character of Armenian economy. Advertisement is not safe for Armenian businessmen escaping tax inspections (it attracts tax inspectors' attention).

According to the 1997 CPA Directory "Print Media in Armenia," there were total of 132 newspapers and periodicals identified as being in print during 1996, including 88 nationwide and 44 regional publications. As a survey conducted in 1996 shows, .9 copies of daily newspapers

were printed per 100 people in Armenia. The average price for daily newspapers was 62 drams (with a range of 30 to 100 drams), for weeklies was 71 drams (15-150 drams) and for monthlies was 225 drams (30-800 drams).

By January 2001, 1,083 media enterprises were registered in Armenia, including 642 newspapers and 166 magazines. In reality, however, very few are actively publishing. The Freedom House Nations in Transit report of 2001 said only 150 newspapers and magazines are regularly active. According to estimates by the Armenian Department of Information, total circulation in 2001 was around 40,000 copies, or one copy per 100 persons (IJNet 2001).

Experts in IREX (1999) think that plurality of newspapers owned by many parties does not add up to a pluralistic press. IREX describes the situation as “Too many newspapers, not enough news.” Saying “not enough news,” experts of IREX mean that few Armenian citizens have the resources to buy one newspaper each day.

As Vicken Cheterian (2001) notices, newspapers can barely serve a small politicized elite in downtown of Yerevan. One reason for this poor performance, to the Cheterian’s opinion, could be the structure of the ownership of the print media. Most Armenian papers are owned by either an open sponsor (a political party), or a hidden sponsor (a political party, or a business tycoon with political ambitions). The result is that the newspaper management and direction is not motivated in satisfying its readership to increase circulation and therefore income, but in satisfying one person or a small group of like-minded people. The sponsor-dependent syndrome is present in the print-media, and somewhat less in the television sector and news agencies. As to the print media, the result is unattractive publications from graphic and layout point of view, with heavy stress on political part and very thin section for social, economic and cultural news. Similarly advertisement is underdeveloped, partly because print media depends on the "sponsor"

for balancing its budget, and partly because advertising in 3-5 thousand volume papers does not make much sense.

As Khachatrian (June 18, 2002) observes, Armenian newspapers are far from being self-sufficient, not to mention profit-making. The vast majority of Armenian newspapers rely on the politically motivated assistance of wealthy individuals to stay afloat. The main worry of editors is how to close budget gaps arising from their poor commercial performance. Many of them admit that relying on sponsors is the most common way of staying afloat. For instance, Aravot's editor Aram Abrahamian hopes to get money from political, official, and business circles. Khachatrian cites Abrahamian, "Taking money for publishing a newspaper is the same as taking a stone for hewing. I don't see anything bad in it." Another editor Gagik Mkrtchian (*Hayots Ashkharh*) dismisses claims of self-sufficiency as "fairy tales." He says, "All newspapers have sponsors. One paper could cover 30 percent of its costs, another one 50 percent. Unfortunately, no media outlet can survive without sponsors." Such kind of sponsorship makes it difficult objective and qualitative news reporting. As one Western media watchdog group put it recently, that tactic leaves Armenia's print media "at the mercy of government officials and wealthy sponsors." Thus, no wonder that most publications have little incentive to improve the quality of their reporting. Nor do they see an urgent need to become truly commercial by attracting more readers and advertisers. Most Armenian newspapers have extremely low circulations.

As the news agency "Noyan Tapan" reports (April, 2002), eighteen Armenian mass media and journalists organizations have urged colleagues "not to become playing cards in authorities' hands and jointly struggle against limitations of freedom of speech." They, in particular, said, "17 mass media means have joined the authorities in their struggle against freedom of speech. They step forward as the bearers of freedom of speech but in reality they have voluntarily

undertaken the role of obedient advocacy machines of the authorities.” Emphasizing the fact that the authorities use the management of these mass media trying to split the information sphere and to spread hostility among the Armenian Mass Media, the authors of the announcement are sure that their colleagues will not yield to these provocations and will adhere to their professional principles and to the main principle of democracy “the leadership of the freedom of speech over the political interests.”

Experts from *The European Institute for the Media* (1999) presume that low wages in CIS countries can lead to unsanctioned hidden advertising written by journalists in return for money from firms or individuals. According to the observation of these experts, even if articles are officially called like "commercial articles," almost without exception the font and style used is identical to that of regular articles. Some newspapers mark such paid articles with a small symbol, and somewhere in the newspaper the symbol is repeated with an explanation that articles so marked are "commercial articles". However, most newspapers running hidden adverts have simply institutionalized the practice without the symbols and comments.

In 1999, representatives of media and advertising agencies spent two days in Byurakan to consider the future of the country's advertising market. Participants of the seminar "The Role of Political and Commercial Advertising in Armenian Mass Media," recognize that the future of Armenian media depends to a large degree on development of the ad market. They discussed problems with the ad market's structure; its underdeveloped legal framework, including regulations for political advertisements; the need to employ new technologies and international experience; and research on advertising's effectiveness (IJNet December 13, 1999).

An interview of Kimberly Hogan, press officer of U.S. Embassy to Armenia, is entitled “It is Difficult to have free and Independent Mass Media in Armenia Under Conditions of a Weak

Economy.” It is a very eloquent and comprehensive title. The most remarkable thing, in Hogan’s opinion, is “lack of market comprehension of mass media as business.” She is even surprised, “I cannot quite understand how the Armenian print media can exist under the conditions of underdeveloped economy and limited advertisement market. I suppose they are receiving grants.” In Hogan’s opinion, developing an independent mass media needs a considerable commercial basis to resist pressure on the part of political forces. Otherwise, she says, they need a sponsor who, in the case will be interfering and defining policy of the mass media. Hogan thinks that number of the mass media in Armenia should be reduced for the remaining to gain firm financial bases, because under the conditions of numerous print mass media available it is very problematic to create a powerful commercial base.

Hogan stresses that in the U.S. it is a common understanding that print media should be neutral and reliable while covering elections, otherwise, it newspapers cannot fulfill their basic function and will lose people's trust. Trust is created through readers' communication with mass media and confirmation of objectivity of provided information.

Speaking about the mass media development in Armenia, Hogan says that mass media need a commercial basis and should be financially protected in order to provide objective news and facts if they prefer building their relations on the people's trust (Business and privatization 2002).

The above-mentioned fact that in Yerevan in average 2.78 people are reading each copy of a newspaper sold, indicates that in spite a print media circulation decrease, interest in it is still very high. This is a potential opportunity for print media managers. According to the same survey price is the most important factor in print media demand. Thus, using all opportunities of advertising will decrease price and consequently increase demand.

Methodology

According to Wimmer and Dominick print media researchers conduct five basic types of studies: readership, circulation, management, typography/makeup, and readability. However, an increasing number of studies are falling into circulation and management. The fastest growing research area in the 1990s examined newspaper management practices due to several factors. First, newspaper companies expanded their holdings, as a result more complicated management structure was created. Second, media competition became more intense. Third, print media industry becomes more labor intensive – skilled and experienced personnel became decisive factor for the success of a newspaper. Fourth, during the 1990s newspapers' revenue due to weak advertising market, and managers conducted researches to find out more effective ways of activity (Wimmer and Dominick 1994).

The techniques used to study newspaper management were the same as those used to study any business activity: surveys, case studies, descriptive content analysis, and mathematical models. The main topics that attracted the most research attention were goal setting by management, employee job satisfaction, and effects of competition and ownership on newspapers content and quality (Wimmer and Dominick 1994).

Business activities includes first of all newspapers' advertising management and any efforts to increase circulation of copies.

In this research successful business management will be defined as higher circulation, since, as the literature review shows, most of the revenues of Armenian dailies come from circulation not from advertising. In addition, advertising volume itself is a dependent variable for circulation. There are strong links and interdependencies between circulation, advertising and news function of the newspaper. Obviously, the larger the circulation a newspaper has, the more

advertising it will attract. Selling advertising involves selling the newspapers as an advertising medium.

Marketing will be defined as any efforts aimed to help a newspaper to achieve its market goals through finding out what the readers and advertisers want and need and then assessing whether the product can be made and sold at a profit while still adhering to high journalistic standards.

As Wimmer and Dominick (1994) observe, there is a tendency for researchers to choose topics that, though valuable, are too broad to cover in one study. To avoid this trap, the initial intention to investigate print media in connection with broadcast media was rejected and only daily newspapers were chosen for study.

The unit of analysis in this research study is Armenian print media. The research sample includes all Armenian dailies, with the exemption of state-owned *Hayastani Hanrapetutyun*. State newspapers were excluded since they are being subsidized from the government, thus their business activity will differ from that of independent dailies.

To collect data and answer research questions and test hypotheses, a structured survey questionnaire comprised of open-ended questions has been developed for in-depth semi-structured interviewing of business managers of independent dailies. Since, as it appears, Armenian dailies have no business managers, the persons in charge of the business activity were interviewed. Interviews were conducted at their offices. They were interviewed to collect data on variables such as sources of funding, staff size, circulation, distribution methods etc. The questionnaire was prepared and reviewed several times to ensure that all relevant issues are covered. Appendix A contains the questionnaire in English and Appendix B the questionnaire in Armenian.

Open-ended questions allow the respondents to formulate their own views and to elaborate on issues that they felt were relevant and important. It also allows researchers to follow up and explore new information discovered during the interview. However, it should be noted that in-depth interviewing is a qualitative research technique. The purpose of the research is descriptive and exploratory in its nature.

Taking notes was chosen to record data. We avoided the more precise recording via tape recorder, since it may inhibit frank discussion. To develop a rapport with interviewees, we tried to make minimal notes necessary to recover details immediately after each interview. Privacy and anonymity was offered. Interviewees were told that they would be provided a copy of the research results if they were interested.

The following is the list of all Armenian daily newspapers used as the sample for this study:

Azg Daily (Nation)

Hayots Ashkharh (Armenian World)

Haykakan Zhamanak (Armenian Time)

Aravot Daily (Morning)

Orran daily (Cradle)

Interviews lasted from 2 hours (*Haykakan Zhamanak*) to 5 hours (*Aravot daily*), depending on the willingness and available time of the respondents to provide more detailed answers.

Findings

Interviews support the information from literature review that Armenian dailies get more income from circulation than from advertising.

As expected, none of Armenian dailies has a market or advertising department or even a business manager as such. The business management activity of persons who are in charge of the business activity of the newspaper comprises unessential and unimportant parts of their duties. In all dailies, with the exception of *Haykakan Zhamanak*, only one person is involved in business management – the director. They may be called ‘executive director’ (*Azg*), ‘commercial director’ (*Hayots Ashkharh*) or just ‘director’ (*Aravot*). Only in *Haykakan Zhamanak* is the chief editor also the director in charge of business management. In some cases (*Aravot*, *Orran*) directors said they have an assistant. Advertising activity of directors mainly includes sending from time to time faxes and e-mails to potential advertisers.

All persons in charge of business management are full-time employees and have at least high school education but it is not related to the business. They have no professional background and were either involved in Soviet economic affairs (*Hayots Ashkharh*, *Orran*) or have some private business experience (*Azg*, *Aravot*, *Haykakan Zhamanak*).

All Armenian daily newspapers, both independent and state-owned *Hayastani Hanrapetutyun*, are in Armenian. All dailies are issued five times a week and do not appear on Sundays and Mondays.

The price of all of Armenian dailies is 100 drams except for the new *Orran*, which costs 50 drams.

“*Azg*” was founded in 1991 by a Council of Founders and its mission is promoting liberal values. Size of the staff is 48 and the number of full time reporters/journalists is 14 and freelance

reporters is 80-90. Circulation according to the newspaper is 3000 copies for sale and 250 copies distributed free of charge to organizations. Returns of print run is estimated by the newspaper to be in the range of 8-10%. Production expenses are about 152 drams per copy. Editorial expenses (except for the printing stage) is 45 drams per copy, printing expenses is 39 drams per copy, and distribution (*Haymamoul*) is 25 drams per copy. The source of financing is self-financing (sales—about 60% and advertising – 15-20%). Advertising rates per square centimeter is 150 drams.

Hayots Ashkharh was founded by Lia Vardanian in 1997, and its mission is promoting national ideology. Size of the staff is 27, the number of full time reporters/journalists is 12, and freelance permanent reporters is about 20. According to the newspaper, circulation is 3500 copies. Returns of print run is estimated by the newspaper to be in the range of 9-20%. Production expenses are 120-135 drams per copy. Editorial expenses (except for the printing stage) is estimated to be 40%; and printing expenses – about 60%. Advertising rates per square centimeter is 150 drams (discount up to 40%). Sources of financing are sales (about 50%) and advertising (5%). There are also private allocations and sponsors.

Aravot daily was founded in 1994 by editorial board and currently is owned by editor in chief. Its mission is business. Size of the staff is 35 and the number of full time reporters/journalists is 15. The circulation, according to the newspaper, is 4,500 copies (5000 for Saturday editions). Returns of print run is estimated by the newspaper to be in the range of 2-6%. Sources of financing are circulation (80%) and advertising (20%). Advertising rates per square centimeter is 120-600 drams (depending on the place). Production expenses are 63-89 drams per copy and pure profit is about 7 drams from a copy. Initially the daily was being financed in part from casino earnings. Distribution of *Aravot* differs from that of other dailies – *Aravot* sells it to *Haymamoul*. Only *Aravot* works on the no-returns basis.

Haykakan Zhamanak was founded by the organization Dareskizb (Turn of the Century) and is oriented primarily to Armenian business circles, promoting opening borders with Turkey. The size of the staff is 15 and the number of full time reporters/journalists is 7. The circulation, according to the newspaper, is 3500 copies. Production expenses are 50 drams per copy. Sources of financing are sales (about 70%) and advertising (about 10%). Also there are private allocations, sponsors. Advertising rates per square centimeter is 70 drams and the price of a page of a paid article is 200 US dollars.

Orran daily was founded on May, 2002 by “Locus Standee” Ltd and owned by *The Armenian Center for National and International Studies*. Its mission is providing objective information (not business). Circulation, according to the newspaper, is 3,000 copies; Returns rate of print run is estimated by the newspaper to be 50% of print run. Size of the staff is 32; number of full time reporters/journalists is 6, and freelance reporters is about 40 per month. Sources of financing are “Locus Standee” Ltd, circulation (about 70%), and advertising (about 10%). Advertising rates per square centimeter – 50-400 drams (depending on the place).

None of these dailies get funds or financial support from the state governmental bodies. Directors of *Azg* and *Haykakan Zhamanak* dailies recalled that a few years ago the government had suggested financial help, but they rejected it in favor of the newspaper *Kanch* (Call) for children and youth. The directors of *Haykakan Zhamanak* explained that it was joint action of all newspapers being suggested such government assistance. *Orran's* director said that financial support to political parties and independent newspapers is already in the Armenian budget. *Aravot's* director thinks reducing taxes could be considered as financial support. But there was the opposite opinion also; as *Haykakan Zhamanak's* editor believes it will be enough if state will

not hamper the newspaper production. *Aravot's* director thinks the government should not be obliged to support financially independent newspapers.

Media administrators are very unhappy with high taxation in Armenia. *Azg's* officials calculate that 58 per cent of his newspaper's total revenues from sales and advertising goes to taxes. According to *Aravot's* director, due to high taxation, double book-keeping is a common practice. Accountants are more likely to be focused on keeping records straight for the local tax authorities rather than financial planning which forecasts, budgets or suggesting strategies for reducing the tax burden.

The perception of newspapers as business differs. Directors of *Azg* and *Aravot* dailies claimed that the newspaper is a business for them. "I see the newspaper as a commodity," *Azg's* commercial director said or, as *Aravot's* director putted it, "We are selling political information." On the other hand, *Orran's* director is convinced that media is not business in Armenia yet; moreover, he believes that in current conditions treating the media as business is not correct.

Surprisingly, none of dailies had interruption due to financial reasons.

All dailies, except for *Orran*, claim that the main source of financing is self-financing. They said the main revenue comes from circulation and advertising and do not reject receiving some financial support from individuals or organizations. Nevertheless, all of them deny having permanent sponsors or other permanent sources of funding. Even *Azg* and *Hayots Ashkharh*, which are commonly considered as newspapers of Ramkavars (Democratic Liberal Party of Armenia) and Dashnaks (Armenian Revolutionary Federation) respectively, refused to admit that they receive funds from these parties. Except for *Aravot*, which claims to be profitable, others admit that revenues do not cover expenses. *Orran's* director stated that whatever officials of other print media claim, it is just impossible to have a profitable or even self-sufficient print

media in Armenia in the current economical and financial conditions. Only *Orran* admitted that it could not survive without outside financial support, and *Haykakan Zhamanak's* answer was, “hardly.”

Although all dailies declare that sponsors have no right to affect the newspapers policy, opinions about maintaining independence differs a lot. *Azg* and *Orran* think it is impossible to get money and remain independent, while *Haykakan Zhamanak* has the opposite opinion. *Hayots Ashkharh's* and *Aravot's* directors think in such case a newspaper lose independence only partly. *Azg's* director is convinced that a completely independent print media is an impossibility. *Aravot's* director said sponsors must only get interest rates from their investments.

Basically, officials do not distinguish between advertisement and paid articles. Only *Aravot* and *Haykakan Zhamanak* said that they are in the practice of accepting payments to print articles. The price of a paid article in *Aravot* is the same as for advertising depending on space and place, while in case of the *Haykakan Zhamanak* the page of a paid article costs two hundreds US dollars. *Aravot* marks such paid articles with a small asterisk and on the bottom of the last page there is an imperceptible explanation that articles so marked are commercial articles. *Haykakan Zhamanak's* editor in chief claims that they mark such articles as paid articles. However, it may be guessed that in general articles that are printed because of a payment are not marked as such for readers.

Only *Aravot's* director admitted that there was such a case in their practice when one of their journalists took money for an article, and she was dismissed. Others said that if such thing would happen, the journalist would be dismissed immediately.

Overall, despite their poor advertising activity, all interviewed officials rate highly the role of advertising for a newspaper as a source of income. For the most part, they do not think the

place, space or content of advertisements must be limited depending on the mission of a newspaper. The main criteria are legislation and ethics. Instead of refusing to place advertisements on the front page, some editors usually set high prices for this page.

The main reason for the weak advertising market, according to the interviewees, is the weak economy. Other reasons are lack of advertising culture and traditions. Some interviewed newspaper heads mentioned also lack of legislation, but *Hayots Ashkharh's* commercial director noted that legislation is good but that in practice it is not functioning.

As *Aravot's* director and *Haykakan Zhamanak's* chief editor point it, direct legal threats from state authorities are not common, but they have other, mostly economic, means to restrict freedom of the speech. Newspaper distribution is one area in which the authorities have maintained some leverage against independent media. A state agency *Haymamoul*, distributing more than 85 percent of Armenian publications, is one of such leverages. This is to show that many of Armenian print media problems, including the freedom, are connected with economic rather than legal issues.

None of dailies have part time reporters. All officials interviewed failed to indicate the number of freelance reporters.

Interviewed officials were unable to explain why advertisers prefer their newspaper or why others do not. All of them failed to explain what are their competition strategies.

Dailies have no clear-cut criteria for advertising policy like pricing policy or setting the optimal amount of advertisements. They place as much advertisement as they manage to obtain. The main criterion of setting the optimal price for advertisement is the market. As in other cases, they act referring to other newspapers. At best they use a “try and see” strategy. Although defined by the price-list, advertising prices are not constant – there is a variety of discounts, and

very often prices are defined by the paying capacity of advertisers. Because of these facts, it was impossible to realize our intention to assess revenues from advertising, by measuring the average space devoted to advertisement and then multiplying it by the cost of the advertising.

All dailies help advertisers in designing advertisements and they do so free of charge. Only the director of *Aravot* said that such help officially is charged but he immediately added that in practice this is not the case. None of dailies has advertisement design specialists. What they have are employees with some basic computer skills who help advertisers to design their advertisements. The interviewees believe that advertisements are mostly poorly designed. As *Azg's* director noted, "What we have is not advertisement as such but rather announcements."

In fact, Armenian dailies do not conduct market research to formulate their strategies for reacting the needs and desires of readers or to enhance advertising. Some editors do make some efforts. Hakob Avetikyan, chief editor of *Azg* daily, in one of interviews said that the research is "very important. They will help newspapers a lot to find their place in the market. Polls also helped us understand what stories readers would like to read" (ArmeniaNow.com 2002). But *Azg's* director did not remember this. *Haykakan Zhamanak's* editor in chief said that they have conducted three polls via an independent agency. *Orran's* director said that they are preparing a questionnaire and soon will conduct a poll. Nevertheless, there is little perception of the necessity or value of research in creating a product corresponding to the readers' interests and almost no appreciation of the value of research for increasing advertising revenues. As *Aravot's* director stated arrogantly: "Readers must follow me not the contrary." Research of non-readers or, in other words, potential readers, is practically absent.

The dailies make little promotion efforts as a part of marketing. The commercial director of *Azg* daily recalled that some five years ago they had paid the metropolitan subway system to the

metro free of charge for citizens for one day but he immediately added that this action remained unknown to population. He regards the Internet site of *Azg* as an important means of promotion. *Orran* daily distributed its first five issues free of charge and from time to time they distribute returned issues in regions. *Orran*'s director believes the best promotion is the low price of their newspaper. The director of *Aravot* said they have adopted a strategy according to which there must be no copies of their daily in news stalls after 11 a.m., that is they artificially create a deficit to increase demand. Saturday issues of *Aravot* are in color. The common promoting method for all dailies is advertising from time to time in mass media including their own newspaper.

Hayots Ashkharh and *Haykakan Zhamanak* believe that the weakness of media market in Armenia is due equally to the weak economy and mismanagement of media people. *Azg* sees the economy as the main reason for the weak media market. In *Aravot*'s view, the lack of market and legislation result in weak media. *Orran* also makes no doubt that weakness of media market is caused by a weak economy.

The director of the *Orran* daily was surprised that many writers who ask for honoraria did not even try to determine whether their articles are printed. This comes to show to what extent being the author of printed material in a newspaper is non-prestigious in Armenia today. Scanty earnings from articles matter more than being the author of an article. The salaries in Armenia are scanty, but it appears that the job of journalists is even more devaluated. As they themselves put it, "We write the way we are paid."

Surprisingly, in the opinion of *Aravot*'s director and *Hayots Ashkharh*'s commercial director, one of the reasons why Armenian newspapers have so little readership is the fact that Armenians do not like reading. Being asked whether this is due to today's high technologies,

both of them answer negatively and brought the example of Russia where young generation as well as old one steal read at high rates.

Another unexpected result is the fact that Armenian dailies are little concerned about competition with broadcast media. In most cases print media officials think that newspapers have their advertising advantages. As *Azg's* director put it, "Nobody watches TV with paper and pencil in his hands while he can have newspapers with advertisements on his table for a long time." *Haykakan Zhamanak's* editor in chief said that newspapers are "friendly – one can have them in his pocket everywhere." All interviewees were unanimous that advertisements in newspapers cannot be annoying but even are attractive.

Many newspaper officials tend to think that high returns of copies are not related to low demand, but are rather caused by the unsatisfactory operation of the press delivery agencies. All officials are very concerned about the inability of *Haymamoul* to fulfill its legal obligations. Interviewees complained bitterly about the apparent inability of the *Haymamoul* to provide refunds promptly. This should theoretically be done at regular six-months intervals; if the refund is delayed, as *Azg's* director says is frequently the case, the paper experiences difficulties in paying its bills to the printing house, which may then refuse to print future editions.

The issue of distribution is very crucial and decisive for all of the newspapers. Despite the existence of two new alternative newspaper distributor agencies - *Contact* and *Ogostos*, *Haymamoul* continues to control over 85 percent of the print media market and, in fact, monopolistically dictates its. Distribution outside the Yerevan is limited. *Haymamoul* has a huge debt to the media. Although *Haymamoul* has reduced the price for its services (about 23 percent of the cost of publications), yet, according to the interviewed officials, tariffs for distribution of newspapers and magazines in Armenia are too high. From this perspective all of them are very

concerned about privatization of the major distributor - *Haymamoul*, which is now a State Closed Joint Stock Company and is in the process of privatization. All of them are very unsatisfied by the activity of the *Haymamoul*. Despite this, their opinions about privatization differ a lot. Some of them see it as positive factor while others – as negative. For example, *Hayots Ashkharh* and *Haykakan Zhamanak* think that the state owned *Haymamoul* is a tool for the government to control distribution of opposition newspapers and their loyalty to the state. Thus, he concludes, the sooner *Haymamoul* will be privatized the better. Some others, like the director of *Aravot* daily, have a fear that with the privatization of *Haymamoul*, media will face an extremely difficult situation, since privatization will dissipate this integrated organization, and that future dealings with separated small distributors will make distribution very ineffective. In general, there is no clear-cut understanding and opinion on how to deal with *Haymamoul*. While opponents of privatization think that it will make bad things to worse, advocates, like *Haykakan Zhamanak* Daily, think that the important thing is to destroy *Haymamoul* then, according to the law of supply and demand, the market will create new effective distributors. The director of *Aravot* daily tends to think that the main reason of privatization of *Haymamoul* is the attempt to resolve its serious financial problems.

In the Soviet Union there was a developed subscription services system, when newspapers and magazines were delivered at home or offices without any extra charge. Many of interviewees believe that print media will become stronger, if large scale subscriptions is established since it will increase print runs. Thus, all newspaper officials are certain that the restoration of subscription services is a necessity, but, again, they have no idea how to do it.

All daily officials assess their business managerial activity as satisfactory. All of them think their advertising activity meets Armenian market standards. *Hayots Ashkharh* and *Aravot* assess

their advertising activity as exhaustive and sufficient in the current market, while others believe there is room for improvement.

Despite all problems and troubles, all daily officials, with exception of *Aravot's* director, are very optimistic about the future of Armenian print media. Only *Aravot's* director thinks that print media will die soon and not only in Armenia.

Analysis

This research study portray rather sad picture of Armenian dailies business management. As the study reveals, business activities of Armenian dailies are almost nonexistent. Thus, it is hard, if not impossible, to correlate little efforts of Armenian dailies in business management with their main function – provision of information. However, it is proper to analyse relationships between some print media activities and resulting success or failures.

- Correlation between the dailies' dates of foundations and their success as business ventures.

There is no significant correlation between the date of foundation of dailies and their success as business ventures. This can be interpreted that experience and knowledge are not decisive factor in current stage or there is high personnel turnover due to financial deficits. Success of relatively new dailies like *Haykakan Zhamanak* or *Aravot* compared to *Azg* or *Hayots Ashkharh* can indicate that managing to get more financial support from sponsors is more decisive factor than traditions of a daily.

- The place of business among different goals of Armenian print media. As a goal, business

occupies secondary and unessential place in activities of Armenian print media. Publishers have no business plans, do not make any serious marketing, make little efforts in increasing advertising revenues, do not conduct any research to meet readers' interest and consequently

increase the readership. Hence, it may be concluded that print media in Armenia is viewed first of all as instruments of public opinion creation. Despite declaring independence, in fact, the only way to survive is inviting outside sponsors to provide funding due to inability to manage themselves. Some newspapers (e.g. *Aravot*) try self-management with various degrees of success but in most cases there is no even such attempts.

- Correlation between Armenian newspapers' missions and their business activity. Because of actual non-existence of newspapers business activity, it is not proper to seek any correlation between Armenian newspapers' missions and their business activity. However, it can be supposed that newspapers' activity to the large extent is determined by its sponsorship. If so, the mission of a newspaper affects a lot its activity in general, since the sponsorship of a newspaper to a great extent is defined by its mission. Particularly, business activity also must be dependent on newspaper's mission.
- Strategies used by the Armenian dailies to succeed as commercial ventures in the market environment. As a rule, Armenian newspapers do not use any serious strategy to success as commercial ventures. Interviews revealed that for the most part media officials have little understanding of how to attract and keep readers. Even if some media people understand the importance of market research for successful management, in practice, they make little efforts to discover their true readerships and increase advertising and sell revenues.
- The role of advertisement and provision of information. Even in rare cases when Armenian print media editors/owners understand the role of advertisement in fulfilling their main function -- provision of information, they make no serious efforts to increase advertising in order to succeed as media. Publishers faced with the need to increase income, tend to focus much more on selling more copies, rather than on advertising sales. Perhaps, this is due to lack

of advertising culture, traditions and experienced officials. Another important reason is the low circulation, which makes the print media less attractive for advertisers.

- Business plans. Armenian print media editors/owners have no serious business plans to increase revenues. Armenian media officials' activity is short-term oriented reacting changes in current situation without any specific planes. Possibly, the main reason of absence of long-term strategic planes is uncertainty in current economic and legal environment.
- Financing/subsidizing of newspapers and their business activity. Since financing of newspapers, as this research revealed, defines the activity of newspapers on the whole, it can be concluded that there must be a relationship between financing of newspapers and their business activity. It is hard to correlate these two variables, since publishers are unwilling to reveal their sources of financing. Possibly, financing is negatively correlated with the business activity, since newspaper's concerns should be how to accomplish sponsor(s) tasks and get more funding rather than earning money through their own business activity.
- Newspapers' business activity and their success as media. Although all media officials admit that business activity is important for success as media, in reality such activity is almost not existent. Thus, it is hard to find any relationship between Armenian newspapers' business activity and their success as media. To perform as effective media, newspapers need serious finances and independence. Currently, as it can be seen from this study, Armenian print media must choose between independence and finances – it is impossible to get necessary finances from business activity, and is impossible preserve independence receiving funding from sponsors. Thus, it is hard to say in which case they are successful as media.
- Reasons for weakness/strength of Armenian newspapers as commercial ventures. As this study shows Armenian newspapers do poor job as commercial ventures. Most of media editors

and owners are simply disinterested in newspapers as commercial ventures. To the large extent weakness of print media as commercial ventures is defined by the weakness of the market in Armenia. The combination of weak economy and disinterested publishers leads to the lack of belief in the possibility of self-sufficiency. Given that the spending power of the population is low, publishers are unable to charge prices for their papers that would cover production costs. Consequently, publishers look for sponsors from political, official and business circles to cover expenses.

- Armenian print media business activity and market standards. Print media business activities in Armenian do not meet market standards. Newspapers have no defined specific target readership and no marketing policy for that readership. Every paper is concerned to increase circulation, but most are attempting to be all things to all readers. At best, target readership can be divided into the loyal to the government or opposition. Because of absence of any serious marketing efforts and extremely slow reaction to changes of reader demand, returns of the unsold production remain high. Nevertheless, although Armenian print media business activities do not meet market standards in general, it can be considered appropriate in current stage of Armenian market. This view can be supported by self-assessments of dailies.
- Hypothesis. Testing of the hypothesis showed that there is an objective reason different from mis/management determining the similar performance of Armenian dailies. It appears that this reason is the weak Armenian economy and the small market where they all operate. In general, reasons for poor performance may be linked to economics more than editorial content. This study revealed that financial problems, rather than managerial failures currently constitute the more serious obstacle to the survival of the independent press. High taxation, the rising cost of paper, production costs, a limited advertising market and the low purchasing power of the

population in Armenia contribute to financial difficulties experienced by the independent media.

Conclusions

It must be mentioned that there are no reliable circulation figures. Circulation is calculated from print runs, not actual sales. It is not hard to predict that the print runs stated in the newspapers have little to do with reality. The figures may be inflated to attract more readers and advertisers. As yet there are no independent audit bureaus to prevent the inflation of these figures. It should also be concluded that the circulation figures printed in the papers are not taking into account unsold copies. Real figures can be more than those registered in print houses, in view of the fact that there may be unregistered copies for black-market profit. Very often several people read one copy of a newspaper sold. As a result, it is difficult to estimate both the circulation number and the size of readership.

Distributing system has not changed at all and does not correspond to demands of the market standards. Today there is a need for alternative media distribution facilities in Armenia.

Today newspapers are not popular in Armenia. Their readership has fallen off, as the purchasing power of the population declined. The trust toward the print media has decreased. As a result the print media have become a less significant source of information than the broadcast media. Broadcast media are more financially viable, thanks to larger audiences. However, the fact that several years ago, despite low purchasing capacity, people bought more newspapers, can be explained not only by more trust toward print media but also by the absence of numerous developed TV stations at that time, which is the case today.

In most cases vacillating answers or even refusal to answer can be interpreted that officials do not know the answer or even never has thought about it. For example, *Orran's* director refused to say to what extent expenses are covered by circulation and advertising, saying "It is my secret." In another case he admitted that he do not know their expenses, "Never have made calculations, but publishing is rather expensive." Stereotype answers also can be interpreted as interviewees had never thought about such problems.

Our assumption is that business activity must not hamper the newspapers overall mission of informing the public. On the contrary, it must help newspapers' independence and make informing more objective and effective. The newspaper that is financially independent has the best chance of being editorially independent. There is interplay at work between these two variables, and each rests heavily upon the other.

First of all, as we have expected, none of Armenian dailies has a business or marketing manager as such. This very fact itself is rather eloquent. It shows the place of business in Armenian print media. In all cases the directors themselves are involved in advertising activity and, in fact, they have no assistants. They have no professional background and experience. They come either from private business activity or public administration in previous Soviet enterprises. On the other hand, Willis (1988, 18) defines, "The business manager is the chief financial officer of the newspaper and, as such, is responsible for financial matters relating to all departments. If there is one individual at the newspaper who must have a thorough understanding of the financial threats, trends, and opportunities facing newspaper like his, it is the business manager." If we accept this definition, then interviewed directors of Armenian dailies are business managers, but editors-in-chief fit more to this definition, since directors just implement strategies defined by editors-in-chief.

Despite the fact that the circulation of Armenian dailies is very low, the main income of Armenian dailies is earned from sales. Advertising is the second basic revenue for dailies. In normal economic conditions, it should be vice versa. Income from advertising is very low. Both of these incomes can hardly cover print expenses. It is not hard to predict that because of small printing runs and the resulting lack of advertising revenues the vast majority of Armenian newspapers are not self-sufficient financially. Many newspapers owners and/or editors see reliance on wealthy individuals and political groups as the only way of survival. Thus, Armenian dailies only nominally are independent newspapers.

Given that the daily newspapers operate with extremely limited resources, none are completely free from patronage or influence of economic or political interest groups and individuals. Newspapers in Armenia hardly can survive on the basis of advertising, without relying on sponsors. Advertising revenue alone could not support them. Mass advertising is essentially a new phenomenon in Armenia. Newspapers have little experience of it. Most publishers have little understanding of advertising and personally are little interested in it. Advertising departments do not exist.

Perhaps, many publishers assume that they can maintain editorial independence, but in reality, this necessarily leads to demanding by sponsors the right to interfere in what should be exclusively editorial policy. As Orran's director put it, "Nobody gives money for no special reason." It is quite possible that many of them try to find sponsors with the same interests as they have. This assumption can serve as an explanation for why *Haykakan Zhamanak's* editor thinks he is independent although having sponsors from business circles. He says the sponsors do not decide on the content of his paper because they only want to "promote liberal values" in

Armenia. "They are sponsoring us because we are saying what they can't say openly," he explained.

As it can be seen, Armenian print media do not pursue profit making and make little efforts in informing the public. Thus, it can be implied that print media in Armenia are seen first of all as means of influence on public opinion, particularly, as a means of influencing the voting population, much in the same way, as the media were understood in the Soviet period. As is probably obvious, sponsors see newspapers rather as instruments of power and influence than businesses. This factor in the print media of Armenia is so powerful that cannot be ignored because it dramatically impacts on the ability to manage newspapers. Perhaps it comes from Soviet times when newspapers were not commercial businesses, but were instruments of propaganda. Today many newspapers are owned or controlled by powerful political or commercial groups and used as political weapons. Even if a newspaper considered itself neutral, the powers around it would not see it as such.

With the exception of *Aravot*, all dailies admit that they have sponsors. It is believed that *Yerkir* is gets financial support from Dashnaktsutyun, *Azg* – from Ramkavar Party, being considered as oppositional *Aravot* and *Haykakan Zhamanak* – from business circles. If this is true, it can be concluded that such a diversity of sponsorship enables a certain degree of plurality of opinion, since there are a variety of sponsors and political choices available despite the personal interests of these sponsors.

Market research is the major precondition for successful management. What the audience is typically looking for is one of the cornerstones of management. The lack of research and a lack of meaningful contact with readers and advertisers constitute a major management failure. Production of a newspaper with little consideration for readers is doomed.

Many newspapers in Armenia operate blindly selling advertisements through instinct and guesswork. Very often media officials not only do not know how to conduct research, but they even do not know what for it is designed.” For instance, Aravot’s director thinks in this way, “What can I get from a street-survey, what can give me the answers of people in streets?”

Rarely are there coherent marketing strategies. They are poor, based on intuition and persuasion rather than any science. Publishers in Armenia need to understand the role of management in analyzing their markets, reacting to their clients’ needs, planning new products or new variations on old products to meet demand, and monitoring market reaction to their products.

Perhaps, one of explanations of little efforts in research is that it is prohibitively expensive for Armenian small newspapers. But it is more possible that there is little perception of the value of research.

The *Orran* daily is a new newspaper and despite being the lowest price daily (50 drams) has very low circulation. This fact comes to reject the commonly accepted opinion that the main reason of unpopularity of Armenian print media is its high price.

Although today state monopoly in printing is abolished and now we have many printing firms with high quality printing equipment, actually, there is only one plant that prints newspapers (90 percent of newspapers and magazines, including several regional publications, are printed *Parberakan* publishing house, because only it is suitable for publication of daily newspapers). Unfortunately, printing newspapers and magazines is not profitable. As *Aravot’s* director noted, what they are printing is labels for beer, wines or vodka and sometimes some catalogs.

Armenian newspapers are not economically viable first of all due to small readership. The low newspaper readership can be explained because of high prices of newspapers, low-quality news reporting, low trust toward the print media, and ineffective distribution. All these tasks and problems are interrelated. In general the main cause of these problems is shortage of finances, which leads to seeking sponsors who are primarily interested in promoting their own political agendas. In turn it leads to the politicization of the Armenian print media. Thus, it can be concluded that, as it was supposed in the hypothesis, there is a reason for common behavior of Armenian newspapers, and that reason has economic roots rather than managerial.

Presidential and parliamentary elections are rare opportunity to earn extra money from political advertisement. The number of periodicals increases every time when there is a perceived need to mobilize and manipulate public opinion and to invigorate the election campaigns. All interviewed officials assure that they are ready to advertise anyone even non-preferred candidates or competitive newspapers. Most interviewees said they would never reject advertisers. As *Haykakan Zhamanak's* editor put it, "We are ready to advertise any activity not breaking the law." *Azg's* director said, they will increase the number of pages rather than refuse to advertise.

Many media experts, for instance from the European Institute for the Media (1999), are convinced that despite professionalism of Armenian media people, they have problems running their newspapers because they lack management experience, particularly in the areas of advertising. Many newspapers are closing or coming under the control of political or financial groups with money and being used by them simply because the managers of the papers do not know how to get money and how to use it effectively. On the other hand, in fairness, it should be stated that merely managing to survive under the current severe economic and financial

conditions anyway that is something for Armenian newspapers. In other words, it is possible that current behavior of Armenian dailies is rather rational even from the market viewpoint. Perhaps, failures can be explained for reasons of financial problems and lack of experience, rather than for reasons of lack of talent or managerial knowledge of personnel.

If it is true that the main revenues come from the sell and advertising, and financial support from sponsors is not decisive then, taking into account rather small staff of Armenian dailies and their scarce financial resources, their work can be appraised as satisfactory. It can be said that making poor performance in general, they act pretty effectively in current difficult economic circumstances.

Since income from advertising is very low and not be decisive, print media owners are little interested in professional business activity. Their concern is rather how to get more financing from their donors. Under the contemporary circumstances this is a more realistic way rather than business activity to solve their financial problems. It is difficult in the current economic circumstances to run profitable media. It can be even supposed that under the current economic and political conditions the behavior of Armenian print media may be justified even from business managerial point of view since business activity like conducting market research (to formulate strategic plans) or keeping advertising and market departments company or merely business-related staff is expensive, and it is possible that today such expenses will not be compensated. Of course, in a long term this is a necessity, but in current transitional stage long term strategic investments and planning are risky and not always rational.

Low wages in Armenia may lead to the hidden advertising written by journalists in return for money from firms or individuals. Although, for the most part, officials claim that journalists caught up in receiving money for their articles will be fired immediately, it can be guessed that

the selling of articles to advertisers is common throughout the Armenian newspapers, and journalists will be punished only if it was done without editors' knowledge.

While many of newspapers perceive short-term financial gains from hidden advertisements, the long-term effect is negative. As *Orran's* director pointed it out, readers are fed up by non-objectiveness, and this is the main reason of unpopularity of print media. Ethics aside, such betrayal of consumers' trust must inevitably decrease public confidence and, consequently, interest toward the print media.

Today print media in Armenia has very low circulation and is not self-sufficient or independent financially. Armenian print media have a long way to go to make print media a profitable business, which is the case in developed countries.

Recommendations

As every research this one as well may raise more questions than it answers.

This research may be conducted annually to provide longitudinal data on print media trends in Armenia.

Low circulation makes Armenian newspapers unattractive for advertisers and little advertisement makes the major hindrance to increase print runs. Lack of advertising means that not enough revenue comes in to cover operating costs. Of course, economic recovery and an expanding source of advertising revenue will help to break through this vicious circle, but currently, to do that the state must intervene.

One of the major tasks of every democratic government is to create an environment where mass media could provide high-quality, objective, and comprehensive information. The first step in this direction should be the securing of media independence. The maximum satisfaction of the

diverse informational needs of the public is a key precondition for the implementation of effective market reforms in the print media. Business side of the newspaper cannot be improved without involvement of all market players such as publishers, distributors, printing firms, advertisers etc.

First of all an encouraging environment must be created where print media can function as a business. In such environment print media owners and editors will be stipulated to act as actually independent enterprises aiming to fulfill their own ideas instead of current search of powerful and rich donors to serve their interests. From this perspective, creating such an environment is task and duty of Armenian government and politicians. Only in the next stage the improvement of managerial abilities of print media officials will come on the agenda. In other words, unless there are incentives to act as business enterprises, managerial skills matter little.

Improvements can be made in the following areas: a) establishing tax privileges for mass media; b) direct financial support to the print media; c) creation of competitive system for newspaper distribution; d) encouraging the job of research firms and creation new ones; e) elimination of printing monopoly for daily papers; f) reforming the education process for administrators and journalists.

Since the poor state of Armenian print media is conditioned by financial troubles, the government in current circumstances must support them financially through indirect subsidies. Financial subsidies will help to develop professional standards intended to prevent unchecked abuse of the media in the interest of serving the needs of individual people or organizations. Reducing taxes and duties or, even, tax exemptions for advertising, printing, on the import of printing equipment, materials and paper can be seen as the most real form of financial subsidy. In some cases newspapers must get direct financial help. For that reason the number of newspapers

should be reduced for the remaining to gain firm financial bases. There is a threat that taxation policy or financial support can be turned into the tool of control over print media. Thus, clear-cut objective mechanisms must be developed to establish priorities for newspapers and eliminating political motivations.

To make financial support to print media more effective, the government must encourage the creation of new research firms and support existing ones by providing them with financial subsidies. This is not luxurious thing. On the contrary, finances spent on such companies will save more resources by providing effective ways of subsidizing for available resources.

Developing economic conditions will improve purchasing capability of consumers and, as a result, competitiveness for consumers. This will improve the advertising market, which is the source of the main income before circulation in developed countries. Despite many specialists, who emphasize the task of improving managerial abilities of media people, it is useless in current stage, since media people have no incentives. Creating a system of training for media managers and journalists intended to satisfy the personnel needs of market-oriented media will be effective if these people are interested. Thus, this is rather the task of the market and media people themselves, not the government. The developed market itself automatically will resolve and regulate this task.

With regard to the distribution network, it must be mentioned that the Armenian media market is too small to be attractive for private investors. That is why, it is not correct to think, as *Haykakan Zhamanak's* chief editor thinks, that instead of destroyed *Haymamoul* market automatically will create new one(s). This can be proved by the fact that it is not done yet although there are no serious obstacles. Then, it becomes the task of the government. If so, the government must reorganize *Haymamoul* instead of its privatization. Newspaper officials' belief

that the restoration of subscription services will increase print runs is arguable. The cost of delivering is very high unless there is a great deal of subscribers. Therefore, creation of an effective subscription system is impossible unless there is no great demand for print media.

Armenian print media have to build a relationship of trust with the audience and readers, which will result in wider audience, and, eventually, attract smart advertisers.

The low print run is the main reason why newspapers are unattractive to major business advertisers. The latter prefer to deal with national and regional television stations that have far bigger audiences and are mostly profitable. Since the media arena is growing more and more competitive, and print media, at least in current stage, is unable to compete with broadcasting media, it must try to occupy a place different from that of TV and radio. Businesspeople prefer sponsorship to ownership and rarely order newspaper advertisements due to low print run.

It is essential that newspapers in Armenia abandon the practice of hidden advertising through paid articles that are not labeled as such for readers. Learning more effective techniques for selling regular advertisements is probably the best strategy to do so.

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Appendix A: Questionnaire

Newspaper's title _____

Name and position of the person charged for the business activity _____

1. What is the mission of your daily?
2. What was the founding date of your newspaper?
3. What is the total size of your newspaper's staff (including you, assistants, reporters who work only for your newspaper, and support staff like secretaries, advertisement managers, accountants, drivers and others (alike))?
4. How many full time reporters/journalists who work only for your newspaper on your staff? How many part time reporters? How many freelance reporters?
5. Who is the founder and current owner of your newspaper?
6. What is your newspaper's circulation?
7. What would you say is the estimated cost of your newspaper per copy – including all costs like printing, office maintenance, reporter's salaries, taxes, etc.?
8. Did you have any interruptions because of financial reasons?
9. What is the major source of income for your newspaper? All other sources?
10. Do you receive any funding from state governmental bodies or any subsidies?
11. Do you think you can survive without outside financial support – that is not from your own newspaper business revenues?
12. Do you think the government must financially support independent newspapers? If yes – how?
13. Do you think a newspaper receiving outside financial support can remain independent?
14. Do you think the sponsors have right to affect the newspapers policy? If yes - in what fields? To what extent? How?
15. What do you do to increase your readership/circulation (e.g. decreasing cost price, expanding the range of topics, increasing print quality etc.)?
16. Do you see your newspaper as a business? What is the place of the business in your newspaper?
17. Do you think successful business management will increase your newspaper's independence? To what extent?
18. Please, explain the role of the business manager for a newspaper. For your newspaper (if you have it. If you do not – what role will he play in the future).

19. How many of your people are involved in the business management? How do you choose them?
20. How important is the role of advertising for your income? Do you think advertisement space, place (e.g. front page) or content must be limited depending on the mission of the newspaper?
21. What are the advertising rates per square centimeter in your newspaper?
22. What are the criteria of setting optimal space and price for advertisement? How is optimal price decided? Do you have any policy like discount?
23. To what extent advertisement and sales cover your cost per issue? What percent of your expenses, do you think, developing the advertising mechanisms would cover at best?
24. How would you distinguish between advertisement, paid articles and 'real' news?
25. What would you do if one of your journalists took money for an article?
26. How do you find advertisers (employed agents, advertising agencies, advertisers themselves)?
27. Why advertisers prefer your newspaper? Why others do not? Do you have any competition strategy?
28. Do you help advertisers in designing advertisements? Do you do it free of charge?
29. Do you think the advertisement attracts readers or annoys them (increase/decrease readership)?
30. Do you carry out any marketing to promote your newspaper as a commodity?
31. Have you ever conducted a market research to formulate strategic plans, enhance advertising revenue, and tailor your product to the needs and interests of readers? Why or why not?
32. To what extent weakness/strength of media market in Armenia is conditioned by the Armenian economy and to what extent by the mismanagement of media owners/editors?
33. What are the determiners/factors of weakness/strength of advertising market in Armenia?
34. What are advantages/disadvantages of print media compared to electronic media for advertisement (on the whole and in Armenia particularly)?
35. What kind of distribution problems do you face? Does *Haymamoul* have an affect on the distribution of your newspaper? If yes - how? How privatization of *Haymamoul* would influence your newspaper's distribution?
36. How do you see the future of Armenian print media as business that is profit-making enterprises? Explain, please.
37. Can you bring any other question relative to this topic and did not being asked? If yes, please, formulate the question(s) and answer it (them).

Self-evaluation of the newspaper's advertising activity:

Do you think your activity meets market standards? To what extent?

How would you assess your work in field of business management? (unsatisfactory, satisfactory, good)? Please argue/explain.

Do you think your advertising activity is exhaustive in the current market?

About the person charged for the business activity:

1. Position (e.g. business/advertisement manager, editor in chief etc.);
2. Employment status (full/part time, years employed);
3. Level of education;
4. Specialty/major;
5. Previous experience.

Appendix B: Questionnaire (in Armenian)

Օրաթերթի անունը՝ _____

Բիզնեսի համար պատասխանատու անձի անունը եւ պաշտոնը

Տարգաշար

1. Ո՞րն է Ձեր թերթի միսիան:
2. Ե՞րբ է հիմնադրվել Ձեր օրաթերթը:
3. Ո՞րքան է Ձեր օրաթերթի աշխատակազմը՝ Ձեզ, Ձեր օգնականների, լրագրողների (որոնք աշխատում են միայն Ձեզ համար) եւ օգնող անձնակազմի (քարտուղար(ուհի)ներ, հաշվապահներ, վարորդներ եւ այլք) հետ միասին:
4. Քանի՞ թղթակից ունեք, որոնք աշխատում են միայն Ձեր օրաթերթի աշխատակազմում (հաստիքային թղթակից): Քանի՞ ոչ-լրիվ դրույքով (կիսահաստիքային) թղթակից: Քանի՞ արտահաստիքային թղթակից:
5. Ո՞վ է Ձեր թերթի հիմնադիրը: Ու՞մ է այն պատկանում ներկայումս:
6. Որքա՞ն է Ձեր թերթի շրջանառությունը:
7. Ո՞րքան է Ձեր օրաթերթի ինքնարժեքը՝ ներառյալ բոլոր ծախսերը ինչպիսիք են տպագրությունը, գրասենյակային ծախսերը, լրագրողների աշխատավարձերը, պետական հարկերը եւ այլն:
8. Երբեւէ ունեցե՞լ եք (թողարկման) ընդհատումներ՝ ֆինանսական դրդապատճառներով:
9. Ո՞րն է Ձեր օրաթերթի եկամտի հիմնական աղբյուրը: Մնացած աղբյուրները:
10. Ստանու՞մ եք արդյոք որե՛վէ ֆինանսավորում պետական կառավարման մարմիններից կամ որե՛վէ այլ դրամական օժանդակություն:
11. Կարձու՞մ եք արդյոք, որ կկարողանաք գոյատևել առանց արտաքին ֆինանսական օգնության՝ այսինքն միայն Ձեր սեփական եկամուտների հաշվին:
12. Կարձու՞մ եք արդյոք, որ կառավարությունը պետք է օգնի անկախ թերթերին: Եթե այո՝ ինչպե՞ս:
13. Կարձու՞մ եք արդյոք, որ արտաքին ֆինանսական օգնություն ստացող թերթը կարող է մնալ անկախ:
14. Կարձու՞մ եք արդյոք, որ ֆինանսական օժանդակություն ցուցաբերողները իրավունք ունեն ազդելու թերթի քաղաքականության վրա: Որքանո՞վ, ինչպե՞ս:
15. Ի՞նչ եք անում Ձեր թերթի տպաքանակը/ընթերցողների թվաքանակը մեծացնելու համար (e.g. decreasing cost price, expanding the range of topics, increasing print quality etc.):

16. Որքանով եք ընկալում թերթը որպես ձեռնարկություն (թիզնես): Ո՞րն է ձեռնարկության տեղը Ձեր թերթում:
17. Կարծու՞մ եք արդյոք, որ Ձեր թերթի բարեհաջող գործարար ղեկավարումը կմեծացնի թերթի անկախությունը: Որքանով:
18. Խնդրեմ, բացատրեք գործարար ղեկավարման դերը որևէ թերթի համար: Ձե՞ր թերթի համար (if you have it. If you do not – what role will he play in the future).
19. Որքա՞ն մարդ է ընդգրկված Ձեր թերթի գործարար ղեկավարման մեջ: Ինչպե՞ս եք դուք ընտրում նրանց:
20. Որքանով եք կարևորում գովազդի դերը Ձեր թերթի եկամուտների համար: Կարծու՞մ եք արդյոք, որ գովազդման տարածքը, տեղը (e.g. front page) կամ բովանդակությունը պետք է սահմանափակվի՝ կախված թերթի առաքելությունից:
21. Որքա՞ն է գովազդման արժեքը Ձեր թերթում՝ յուրաքանչյուր քառակուսի սմ-ի համար:
22. Ի՞նչ չափանիշներով եք առաջնորդվում գովազդման օպտիմալ տարածք եւ գին նշանակելիս:
23. Որքանով ե՞ն շրջանառությունը (վաճառքը) ու գովազդը փոխհատուցում Ձեր թերթի ծախսերը: Ձեր կարծիքով, լավագույն դեպքում Ձեր ծախսերի ո՞ր մասը կփոխհատուցվի գովազդի բարեհաջող զարգացման դեպքում:
24. Ինչպե՞ս կտարբերակեիք գովազդը վճարվող հոդվածից:
25. Ինչպե՞ս կվարվեիք, եթե պարզեիք, որ Ձեր լրագրողներից որևէ մեկը նյութական օժանդակություն է ստանում իր որոշ հոդվածների դիմաց:
26. Ինչպե՞ս եք գտնում գովազդատուներին (employed agents, advertising agencies, advertisers themselves):
27. Ինչու՞ ե՞ն գովազդատուները գերադասում Ձեր թերթը: Ինչու՞ մյուսները չեն գերադասում: Ունե՞ք արդյոք մրցակցութեյան որևէ ռազմավարություն:
28. Օգնու՞մ եք արդյոք գովազդ տեղադրողներին գովազդը ձեւավորելիս: Դա արվում է անվճա՞ր թե՞ վճարովի:
29. Ձեր կարծիքով, գովազդը գրավու՞մ, թե՞ ձանձրացնում է ընթերցողին (increase/decrease readership):
30. Ձեռնարկու՞մ եք արդյոք Ձեր թերթի՝ որպես սպառման առարկայի իրացմանն օժանդակող որևէ շուկայական գործունեություն (մարքեթինգ):
31. Երբեմն ձեռնարկե՞լ եք արդյոք որևէ հետազոտություն՝ ձեւակերպելու համար Ձեր թերթի ռազմավարական պլանները, ընդլայնելու գովազդային եկամուտները եւ թերթը ընթերցողների հետաքրքրություններին եւ կարիքների համապատասխանեցնելու համար:
32. Ձեր կարծիքով, որքանով է Հայաստանում լրատվական շուկայի թուլությունը/ուժգնությունը պայմանավորված Հայաստանի տնտեսությամբ եւ

որքանով՝ լրատվամիջոցների տերերի/խմբագիրների ոչ արդյունավետ (գործարար) գործունեությամբ:

33. Որո՞նք են Հայաստանում գովազդի շուկայի թուլության/ուժգնության որոշիչ նախապայմանները:
34. Որո՞նք են տպագրական լրատվամիջոցների առավելությունները/թերությունները՝ էլեկտրոնային լրատվամիջոցների համեմատ (ընդհանուր առմամբ եւ Հայաստանում՝ մասնավորապես):
35. Ձեր թերթի առաքման հետ կապված ի՞նչ դժվարությունների/խոչընդոտների եք հանդիպում: “Հայ-Մամուլը” որնեւ ազդեցություն ունի՞ արդյոք Ձեր թերթի առաքման վրա: Եթե այո՝ ինչպիսի: Ինչպե՞ս կազդի “Հայ-Մամուլի” սեփականաշնորհումը Ձեր թերթի (մյուս թերթերի) առաքման վրա:
36. Ինչպե՞ս եք տեսնում տպագրական լրատվամիջոցների՝ որպես ձեռներեցության, ապագան Հայաստանում:
37. Կարո՞ղ եք բերել այս թեմայի հետ կապված եւ այստեղ չհիշատակված՝ Ձեր կարծիքով, կարևոր հարց: Եթե՝ այո, խնդրեմ ձեռնարկել եւ պատասխանել:

Թերթի գովազդային գործունեության ինքնագնահատականը.

1. Կարծու՞մ եք արդյոք, որ Ձեր գործունեությունը համապատասխանում է շուկայական չափանիշներին: Որքանո՞վ: Խնդրեմ՝ հիմնավորել:
2. Ինչպե՞ս կգնահատեիք Ձեր գործունեությունը գործնական կառավարման բնագավառում: Խնդրեմ՝ հիմնավորել:
3. Կարծու՞մ եք արդյոք, որ Ձեր գովազդային գործունեությունը սպառիչ է ներկա շուկայական պայմաններում:

Բիզնեսի համար պատասխանատու անձի մասին.

1. Զբաղեցրած պաշտոնը (e.g. business/advertisement manager, editor in chief etc.);
2. Զբաղվածության վիճակը (full/part time, years employed);
3. Կրթությունը:
4. Մասնագիտությունը:
5. Նախկին աշխատանքային փորձը: